



The affordable housing paradox

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Governments spend a good deal of time and money attempting to solve problems of their own making. Endemic poverty, the target of hundreds of billions of dollars in government aid each year, has been exacerbated by poorly-designed public programs. The charter school movement is an effort to provide alternatives to failing public schools. Government re-entry programs seek to reverse the harm done by an overzealous justice system.

Maine's housing crisis is a compelling example of this paradox. On the one hand, local governments in Maine — with the tacit approval of lawmakers in Augusta — impose draconian land use policies that raise the cost of development and inflate housing prices. At the same time, federal and state governments (and local governments too, if you count the sizable portion of General Assistance dollars used to pay rent) are spending huge sums in a largely unsuccessful effort to provide affordable housing to the needy.

Astonishingly, few policymakers seem to grasp this incongruence. Even as politicians demand more expenditures be devoted to housing programs, they defend the land use and zoning policies that prevent a competitive, affordable housing market from flourishing.

The housing problem is so widely known — and, often, lived — that the numbers hardly need repeating, but here are the highlights. Maine has barely half the supply of affordable rental homes to meet the needs of extremely low-income renter households (defined as living in poverty or earning less than 30% of area median income), leaving more than 20,000 families without affordable shelter. Overall, 54 percent of households in Maine couldn't afford to purchase a median home in 2017. In state rankings of housing affordability, Maine appears near the bottom, alongside states like California and New York.

This is not a new phenomenon. Back in 1987, newly-elected Governor McKernan organized a task force to examine Maine's housing shortage and suggest solutions. The outcome was as you'd expect: A series of recommendations were trotted out, from encouraging collaboration between public and private stakeholders, to developing new financing tools, to begging the federal government for more money. The thorny issues of municipal land use and zoning were largely ignored. A decade later, Jim Hatch, a member of the panel, conceded that “the initiatives proposed by the Task Force will not have much impact until underlying land use...issues are addressed.”

Land use and zoning regulations take many forms, including explicit density restrictions; requirements for parking, setbacks, and side yards; minimum lot sizes; height limits; open space requirements; design guidelines; dwelling unit mix requirements; and prohibitions on accessory dwelling units, smaller homes, or manufactured housing.

Land use decisions in Maine are almost entirely the jurisdiction of cities and towns, many of whom haven't revisited their rules in years or even decades. Policymakers have been slow to capitalize on new opportunities, like innovative manufactured housing or the growing popularity of tiny houses.

Maine's policies are starkly out of line with the rest of the nation. An analysis by the Cato Institute shows that Maine ranks 44th for land use out of the 50 states, a position from which it has barely budged since at least 2000. The study notes that exclusionary zoning leaped upward in Maine between 2000 and 2006 and has risen further since then.

The economic effects are unambiguous. Beyond restricting the supply of housing and raising prices, onerous regulations limit families' geographic mobility and impede appropriate matching between workers and jobs. One needs only to look at southern Maine for evidence of that. The literature indicates these effects are large, with one study finding that land use regulation reduced total U.S. economic growth by 36 percent between 1964 and 2009.

Certainly, the political obstacles to solving this problem are significant. NIMBYism ("Not In My Back Yard"-ism) is a powerful force that has stymied reform for decades. Moreover, those who would most benefit from deregulation are least likely to vote, while those most ardently opposed to change are the most likely to contribute to campaigns or show up on election day.

Little can be accomplished until Mainers realize that the costs of our housing crisis are not confined to the low-income families struggling to put roofs over their heads. The unseen harm ripples through the economy, from the corner store going under because its employees moved away in search of cheaper housing to the high-tech industries unable to coax skilled workers from other states where housing is plentiful and prices low.

When zoning policies began proliferating in the U.S. nearly a century ago, policymakers embraced the "good housekeeping" model — the idea that every type of development should have a place, and that the government's role was merely to prevent disorganized chaos. That light-touch regulatory approach is what Maine desperately needs.